

# **FISCAL NOTE**

## **HB 2065 - SB 2160**

March 10, 2005

**SUMMARY OF BILL:** Requires the Tennessee Regulatory Authority to establish a fair and equitable local rate structure aided with universal service rate support to the small independent telephone corporations serving rural and small metropolitan areas in Tennessee. Directs the Tennessee Regulatory Authority to promulgate rules and issue orders that require all telecommunications service providers to contribute to the support of universal service.

### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$220,300/TRA Public Utility Account**

**Increase State Revenues:**

**\$660,900 Year 3/TRA Public Utility Account**

**\$220,300 Year 4 and Thereafter/TRA Public Utility Account**

Assumptions:

- TRA would have to conduct audit cost studies and earning levels for 16 telecommunications providers to determine fair and equitable local rates.
- Four additional staff would be necessary to maintain and manage the program.
- After two years, the program will be able to recover the expense of startup and the recurring cost attached. Thereafter the program would become revenue neutral.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director